

UNCLASSIFIED

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CONFIDENTIAL

SECRET

ROUTING AND RECORD SHEET

INSTRUCTIONS: Officer designations should be used in the "TO" column. Under each comment a line should be drawn across sheet and each comment numbered to correspond with the number in the "TO" column. Each officer should initial (check mark insufficient) before further routing. This Routing and Record Sheet should be returned to Registry.

FROM:

Project Administrative Planning Staff, DD/A

NO.

DATE

15 February 1954

TO	ROOM NO	DATE		OFFICER'S INITIALS	COMMENTS
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CENTRAL INTELLIGENCE AGENCY
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MEMORANDUM

TO: Deputy Director (Plans)

SUBJECT: Administrative Plan for EA Division
Subsedy Project LCCASSOCK

I. Objective

1. The project object, in general, is to provide financial support to an indigenous group for the preparation, printing and distribution of PP/PW materials in the target area. As a by-product of the distribution operations of the project, the Agency will be in a position to receive intelligence information from the indigenous organization on the target area. Specifically, the project will provide for:

- (a) Production and distribution of falsified issues of bona fide magazines, official target area publications, and miscellaneous leaflets, stickers, brochures, etc., and
- (b) Staff supervision, direction and guidance of the production of the falsified magazines and the miscellaneous propaganda materials.

II. Instrumentality

2. The indigenous organization has already demonstrated that it is capable and effective in the production and distribution of propaganda materials directed at specific target groups. The effectiveness of the operation to date has been shown by distribution reports, letters and pictures sent by the readers in the target area to a cover address and by remarks of target area officials.

3. It is estimated that 50% of the propaganda material is distributed through the organization's own distribution net in the target area. The remainder of the material is distributed through refugee groups, youth organizations, labor unions and similar organizations with whom the principal agent has established firm working relations.

4. Among the media of material distributed, it has been found that falsified editions of official target area publications are particularly effective since:

- (a) This material can be infiltrated and distributed with a minimum of personal risk to the bearer; and.
- (b) The contents of these editions can be directed, as propaganda needs and opportunities warrant, at specific groups which are normally inaccessible to pro-western propaganda.

III. Budget and Project Approval

5. The activities now undertaken by the project were originally subsidized by LCLAVIER. On 2 April 1952 a total of \$ [] for the remainder of calendar year 1952 was transmitted by LCLAVIER to the Chief of Mission. To provide for a continuation of the propaganda activities, the Chief of Mission was authorized on 19 December 1952 to obligate up to \$ [] of ZRGANDY funds for the remainder of Fiscal Year 1953. For the first half of Fiscal Year 1954, ZRGANDY funds in the amount of \$ [] were authorized.

6. The proposed budget for the remainder of Fiscal Year 1954 totals \$ []. This is a new project providing for Agency funds and approval has not been received as yet.

IV. Administrative Plan

7. The attached Administrative Plan has been concurred in by the interested staffs and divisions, as evidenced by the concurrence sheet attached thereto, and is recommended for your approval.

Chief
Project Administrative Planning Staff, DD/A

Project Officer

PAPS/DD/A/AAB:mle
(12 January 1954)

CONFIDENTIAL
Communication Sheet

18/
EE Division

12 January 1954
Date

18/
Office of the General Counsel

12 January 1954
Date

18/
Office of the Comptroller

12 January 1954
Date

18/
Staff C

12 January 1954
Date

18/
Security Office

12 January 1954
Date

I. Funding

1. The Agency's funds shall be made available for the operation of the project on the basis of an annual budget prepared by the EE Division and shall conform with the terms of the project approval. The concurrence of the Office of the Comptroller in the budget shall be obtained in the event the project is not to be referred to the PAC; however, if the project is referred to the PAC, no further request for concurrence in the budget is required.

2. Based on its approval allotment, the EE Division shall authorize the Consul, German Mission, Frankfurt, to make funds available to the Project Field Case Officer.

3. Agency funds paid over to the principal agent by the Project Field Case Officer will be primarily expended for the preparation, printing and distribution of PP/PW materials in the target area. The Field Case Officer shall obtain signed receipts from the final recipients, where practical, and in any event from the principal agent, stating the date and amount of funds received. These receipts shall be transmitted promptly to the German Mission Finance Officer in Frankfurt for retention.

II. Accounting and Reporting

4. The Field Case Officer shall obtain financial reports setting forth the use of Agency funds from the principal agent at not less than quarterly, and preferably at monthly intervals. The financial reports will consist of a statement of cash receipts and disbursements of Agency funds for the period, to include the total Agency funds on hand at the beginning and at the end of the period. The cash disbursements will be itemized to show the purpose of the expenditures. Copies of financial reports will be transmitted to the German Mission Finance Officer in Frankfurt.

5. The principal agent shall certify that the financial statements reflect the current financial status of the project and the financial operations of the project for the period covered.

III. Publishing and Distribution Costs Determination

6. [The Agency] will pay the principal agent for the cost of production and distribution of the propaganda material upon receipt and review of detailed cost statements from the principal agent. [The Agency's] representative will review the propaganda materials for conformance with over-all [Agency] policies and examine the cost statements to determine whether a fair and reasonable price is being charged. In the latter regard both comparable cost figures and the special services rendered by the party will be considered.

7. To the extent that it is operationally feasible, the Chief of Station, or his designee, shall negotiate with the principal agent to determine a fair and reasonable payment for the publication and distribution of the propaganda material. In determining the payment for publication, it is recommended that such factors as the cost of paper, printing and other expenses and, if possible, the publication charges made by comparable organizations be considered.

8. There shall be an agreement in writing, if operationally feasible, providing the basis for determining the cost of publication and of distribution of the propaganda material, executed by the principal agent and the Chief of Station, or his designee. The original of the written contract will be retained by the Chief of Station. If for operational reasons, a written contract cannot be obtained, a memorandum by the Field Case Officer and concurred in by the Chief of Station, setting forth the terms of the oral agreement and the reasons for not obtaining a written contract, shall be prepared. Copies of all written contracts or memoranda shall be submitted to the Office of the General Counsel for post-review and subsequently forwarded to the Finance Division for file.

IV. Writeoff and Financial Control

9. The Authorized Field Certifying Officer is empowered to write off to expense all funds advanced to this project upon receipts signed by the principal agent.

10. The German Mission Finance Officer will establish a memorandum control account to reflect all advances of subsidy funds at the time the writeoff of advances is made. Advances shall be cleared from the memorandum control account upon receipt by the German Mission of financial statements, showing utilization of funds in accordance with the terms of the agreements as outlined in Paragraph 8, supra.

11. A certificate from the Authorized Field Approving Officer that these funds were properly expended in the interest of the Agency shall accompany the financial statements.

V. Security Policy

12. The principal agent being utilized under this project has been previously cleared by Staff C. All known witting personnel to be utilized under this project shall be cleared by Staff C, or the Security Office, as appropriate. In addition, and where possible, at least the names of (1) other indigenous personnel who are deemed to be in a position to compromise, embarrass or interfere with the operation, must be submitted to Staff C for security review.

VI. Audit

13. An audit program shall be determined and carried out in accordance with Agency regulations.

LCCASSOCK

RECOMMEND APPROVAL

/S/ []
DD/P-12345

14 January 1954
Date

AUTHORIZED

[]
A/DD/A

8 February 1954
Date

APPROVED

/S/ Richard Holmes
DD/P

12 February 1954
Date